



## Introduction

Malta has been developing rapidly as a finance centre since becoming a Member State of the European Union [EU] in 2004 and adopting the Euro as the currency in 2008. Malta has gained a reputation for a robust regime (without being unduly prescriptive) with a highly approachable regulatory authority – the Malta Financial Services Authority [MFSA].

It is internationally recognised that the Maltese regulations which transpose EU legislation provide a secure and stable framework for prudential supervision, consumer protection, market surveillance and prevention of money laundering.

The MFSA's current staff complement of 350 consists of specialist regulators, lawyers, accountants and support staff facilitating the formulation of policy, decision making and support for both licence holders and consumers. The MFSA staff have gained considerable experience through training at other regulatory authorities in the UK, Europe and the US.

The MFSA, an autonomous self-funded public institution established by law. It is the single regulator for financial services, and regulates credit and financial institutions including payment services and electronic money institutions, securities and investment services companies, regulated markets, insurance business, pension schemes, trustees and corporate service providers.

The MFSA is also the Listing Authority for the purpose of the Financial Markets Act and the Resolution Authority for the purpose of Directive 2014/59/EU and the Recovery and Resolution Regulations (L.N. 301 of 2015). The MFSA also manages the Registry of Companies.

The MFSA is a member of the Board of Supervisors of the European Supervisory Authorities and of the Single Supervisory Mechanism of the European Central Bank. The MFSA has signed a considerable number of MoUs with various EU and non-EU jurisdictions and is also a signatory to the IOSCO and the IAIS multilateral MoUs.

Malta's financial services legislation is in line with EU law and has facilitated a commercially secure business environment from which international investors can operate. Malta pays close attention to the design of financial regulation to ensure it is risk-based and meets regulatory objectives, without over-regulating in a way that inhibits growth and innovation.

The MFSA pays particular attention to the development of innovative structures within the framework of the regulations. It is the only Member State to have developed the cell company concept for insurance and securitisation.

Malta has redomiciliation legislation applicable to all types of companies, including securitisation vehicles under the Continuation of Companies Regulations. Redomiciliation of companies has taken place from both onshore and offshore jurisdictions.

## Why Malta for Financial Services?

Malta as an emerging financial services location has proved to be successful in the various financial services sectors. Malta is ideally placed for this development. The Global Competitiveness Report 2017-2018, published annually by the World Economic Forum, has once again placed Malta amongst the top jurisdictions in terms of provision of the financial services. Malta has performed remarkably in key areas such as soundness of banks, the strength of auditing and reporting standards, with top 20 classifications.

“ a robust regime with a highly approachable regulatory authority ”

Malta has all the necessary infrastructure in place for the continued expansion of the finance centre. The sector now contributes around 12 percent to Malta's GDP and employs over 10,000 people. In recent years growth continued strongly, averaging 4% per annum.

Malta's offer to financial services companies:

**Regulatory regime:** The Maltese regulatory framework is both robust and adaptable, allowing promoters to innovate and to develop new products to meet the changing investor needs. This flexible, proactive, transparent and regular contact with the regulator is very much appreciated by the industry.

**Human Resources:** Maltese accountants are trained under IFRS, which Malta adopted in 1998 well before other Member States. All the major international accountancy firms have operations on the island. The Maltese legal profession is a long established profession and most professionals undergo further training at major institutions overseas particularly in the UK.

Malta also offers:

- **Stable, democratic** political institutions
- **EU membership provides access to the single market through passporting under freedom of services and establishment**
- **Euro** membership, which provides financial stability
- **Schengen** membership facilitates travel and free movement
- **Legislation** is both in English and Maltese but it is the interpretation of the English text that prevails in the courts
- English is the **working language** in financial services

- **Proximity** to markets in Central and Southern Europe and the North African Region
- Well educated and skilled **workforce**
- High quality **health** services
- Extensive ICT **penetration**
- International **connection** hub
- All **services** on the island easily accessible
- **Mediterranean lifestyle**, good quality of life
- **Stable social environment** and very low crime levels

Malta has a very competitive tax regime based on the imputation system of taxation whereby companies pay corporate tax at 35%.

"Malta has a very competitive tax regime"

On declaration of dividend the shareholders receive a refund of 6/7 of the corporate tax paid by the company. This system of taxation is Malta's general system of taxation for all trading companies and was approved by the EU in 2007 under State Aid and Code of Conduct. Malta was one of a group of jurisdictions that benefited from being placed (following the G20 meeting) on the OECD's 'white list' of countries and territories that had both embraced and substantially implemented the tax standards.

Malta has a worldwide network of over 70 tax treaties (with all EU and most OECD member states) which is continuously expanding. New treaties are being negotiated particularly with various African and Latin American countries. Malta exchanges tax information under OECD provisions.



## MFS

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